

ARIZONA'S WORKFORCE

A press release from the Arizona Dept. Of Economic Security, Research Administration



April 7, 2005

Arizona's Forecast: Growth of More than 191,000 Nonfarm Jobs in the Next Two Years

Arizona's economy is forecast to add more than 191,000 nonfarm jobs during 2005-06. Job growth is expected to accelerate in 2005 and then slow in 2006 as a result of rising interest rates and energy prices hindering the stimulative impacts of increasing levels of population and business spending. Nonfarm jobs are anticipated to grow at an annual rate of 4.2 percent in 2005, and then modestly decelerate to 3.7 percent in 2006.

Meanwhile, according to Global Insight, the national economy is forecast to add 4.1 million nonfarm jobs over the same period. Global Insight's forecast shows the national economy with annual growth rates of 1.7 percent in 2005 and 1.4 percent in 2006.

Arizona's manufacturing industry is expected to gradually accelerate over the forecast period as a result of increasing consumer demand and business spending from an improving economy. In addition, defense spending is expected to bolster employment in Arizona's factories to produce equipment and supplies for ongoing operations in such areas as Afghanistan and Iraq. An increase of almost 4,000 new jobs is anticipated in this industry during the forecast period. The largest gains are expected in the manufacturing sectors that create products for local use especially for residential, commercial and industrial real estate development. However, the weakest gains are projected for the computer and electronics sector because of continued difficulties of excess capacity and foreign competition.

Natural resources and mining growth is derived from rising demand and higher prices for locally produced minerals.

Total Nonfarm Employment

Annual Average Growth Rate*

	2004**	2005***	2006***
Arizona	3.4%	4.2%	3.7%
Phoenix-Mesa MA	3.4%	4.1%	3.7%
Tucson MA	3.2%	4.0%	3.3%
Balance of State	3.4%	5.0%	3.9%

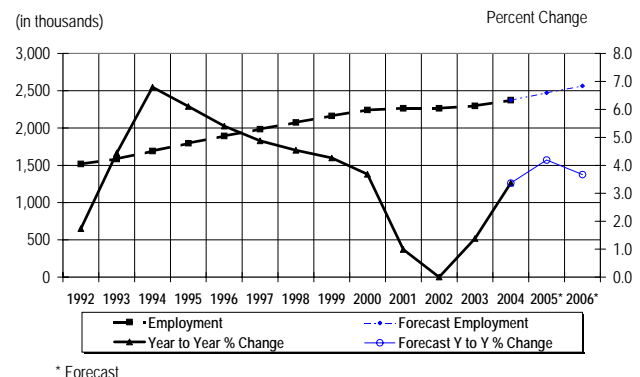
* Based on Annual Averages

** Benchmarked

*** Forecast

MA = Metro Area

Arizona Nonfarm Employment Trends



Higher prices compensate for the greater local extraction and processing costs compared to other, especially (less expensive) foreign locations of production. For the forecast period, an increase of 500 jobs is expected.

Job growth in construction will continue from local and regional development. Overall growth in Arizona and the Southwest is expected to remain strong during the forecast period. However, rising interest rates coupled with higher energy and materials costs will serve to slow growth. An increase of almost 25,000 new jobs is forecast in construction. The largest and most rapid gains are anticipated in specialty trades. Nonetheless, relatively strong gains are forecast in the building and heavy construction projects sectors, because of increasing demand for improved and expanded infrastructure to support population growth.

Trade, transportation and utilities job growth is forecast to slow over the forecast period as rising energy prices and interest rates claim a larger share of disposable consumer income. This industry group is forecast to increase by more than 37,000 jobs during the two-year period of 2005-06.

The struggling information industry is expected to begin its recovery during the next two years, as employment consolidation slows in 2005 and job gains return, though slightly, in 2006. However, a two-year total loss of 200 jobs is forecast because of the greater loss in 2005 more than offsetting the slight increase in 2006. As a result of improving demand, non-internet publishing industries are projected to show the greatest strength. However, productivity improvements and intense competition will serve to

(continued on page 2)

keep hiring at a minimum. Slowing losses are forecast in the other information sectors, mostly due to continued consolidation of the telecommunications industry.

As a result of an expanding local economy, the financial activities industry is projected to have healthy growth. However, rising interest rates, higher energy prices, and consumer debt levels are expected to minimize employment growth. An increase of almost 10,000 jobs is forecast in the financial activities industry.

Professional and business services added more than 14,000 jobs in 2004, and the forecast calls for a two-year gain of almost 38,000 jobs. The largest increases are expected to occur in the employment services, followed by the professional, technical and scientific services sector. The weakest sector is anticipated to be business support services. However, this sector is projected to recover during the forecast period.

Educational and health services are forecast to have an increase of more than 32,000 jobs over the two-year period. Growth in educational services is expected to slow because of a decrease in the rate of expansion in the school age population. Expansion in social assistance and health care is expected to slow despite an aging and growing population because of limited resources and rising costs.

Leisure and hospitality is expected to add more than 18,000 jobs as a result of an improving economy with better prospects for tourism. With a cheaper dollar relative to foreign currencies, tourism is forecast to benefit as foreign tourists take advantage of more favorable exchange rates, while domestic travelers and vacationers opt to explore Arizona's local regions.

Other services will follow the overall trend of the economy. An increase of more than 4,000 jobs is forecast for the 2005-06 period.

Arizona Industry Employment

Annual Average Growth Rate

	2004	2005	2006
Manufacturing	0.2%	1.0%	1.2%
Natural Resources/Mining	5.0%	4.0%	2.0%
Construction	7.9%	7.1%	5.6%
Trade, Trans, Warehouse & Utilities	3.5%	4.6%	3.3%
Information	-3.4%	-0.7%	0.2%
Financial Activities	2.4%	3.0%	2.9%
Profess&Business Svcs	4.4%	5.7%	5.2%
Education & Health Svcs	5.3%	6.2%	5.8%
Leisure & Hospitality	3.5%	4.1%	3.4%
Other Services	2.5%	2.8%	2.5%
Government	1.9%	2.8%	2.6%

Government is anticipated to grow slowly as a result of rising demand for public goods and services. Regional population growth will stimulate much of the growth in government, influencing job growth at the state and local level. For the federal government, recent initiatives to strengthen protective services are anticipated to add jobs, especially, to support border security and homeland defense. A gain of almost 22,000 jobs is projected in Arizona's public sector.

In conclusion, Arizona's forecast shows continued job growth during the 2005-06 period. The pace of job growth for 2005 is forecast to outpace growth in 2004 and then modestly slow in 2006. Arizona's Department of Economic Security (DES) Research Administration forecasts all of the state's industries will be adding jobs by 2006, even as the pace of growth in construction jobs slows and manufacturing jobs increases. Forecast figures show that the fastest growing industry will be construction, while the greatest number of jobs will be created in the professional and business services industry.

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Next Press Briefing: **March Employment Report** - Thursday, April 21 10:00 a.m.,
DES Administration Building, Room 110, 1717 W. Jefferson St., Phoenix

The Arizona Workforce (Press Release) is now on the Internet.

<http://www.workforce.az.gov>

Please contact our office, if you still want a faxed copy each month.

Equal Opportunity Employer/Program

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Table 1

Arizona Employment Forecast (In Thousands)						
	2003	2004	2005	2006	Change in Employment	
					2005	2006
Total Nonfarm Employment	2296.4	2373.6	2474.2	2564.9	100.6	90.7
<i>Percent Change</i>		3.4	4.2	3.7		
Manufacturing	175.4	175.8	177.5	179.7	1.7	2.2
<i>Percent Change</i>		0.2	1.0	1.2		
Natural Resources & Mining	8.0	8.4	8.7	8.9	0.3	0.2
<i>Percent Change</i>		5.0	4.0	2.0		
Construction	176.2	190.1	203.6	214.9	13.5	11.3
<i>Percent Change</i>		7.9	7.1	5.6		
Trade, Transportation, & Utilities	446.1	461.8	483.1	499.3	21.3	16.1
<i>Percent Change</i>		3.5	4.6	3.3		
Information	49.6	47.9	47.6	47.7	-0.3	0.1
<i>Percent Change</i>		-3.4	-0.7	0.2		
Financial Activities	160.0	163.8	168.6	173.5	4.8	4.9
<i>Percent Change</i>		2.4	3.0	2.9		
Professional & Business Services	320.4	334.5	353.7	372.2	19.2	18.6
<i>Percent Change</i>		4.4	5.7	5.2		
Education & Health Services	246.8	259.8	276.0	292.0	16.2	16.0
<i>Percent Change</i>		5.3	6.2	5.8		
Leisure & Hospitality	233.2	241.4	251.3	259.8	9.9	8.5
<i>Percent Change</i>		3.5	4.1	3.4		
Other Services	87.2	89.4	91.9	94.2	2.5	2.3
<i>Percent Change</i>		2.5	2.8	2.5		
Government	393.5	400.8	412.0	422.7	11.2	10.7
<i>Percent Change</i>		1.9	2.8	2.6		

Note: 1) Totals may not add due to rounding

Table 2

Phoenix-Mesa Metropolitan Area Employment Forecast						
(In Thousands)						
	2003	2004	2005	2006	Change in Employment	
					2005	2006
Total Nonfarm Employment	1619.8	1674.9	1744.3	1808.9	69.4	64.6
<i>Percent Change</i>		<i>3.4</i>	<i>4.1</i>	<i>3.7</i>		
Manufacturing	130.9	130.6	131.8	133.1	1.2	1.3
<i>Percent Change</i>		<i>-0.2</i>	<i>0.9</i>	<i>1.0</i>		
Natural Resources & Mining	2.0	2.1	2.1	2.2	0.0	0.0
<i>Percent Change</i>		<i>5.0</i>	<i>2.0</i>	<i>1.0</i>		
Construction	129.3	140.1	151.3	161.0	11.2	9.7
<i>Percent Change</i>		<i>8.4</i>	<i>8.0</i>	<i>6.4</i>		
Trade, Transportation, & Utilities	328.8	339.7	354.0	365.2	14.2	11.3
<i>Percent Change</i>		<i>3.3</i>	<i>4.2</i>	<i>3.2</i>		
Information	37.4	35.8	35.1	34.9	-0.7	-0.2
<i>Percent Change</i>		<i>-4.3</i>	<i>-2.0</i>	<i>-0.7</i>		
Financial Activities	134.5	137.5	140.9	144.4	3.4	3.5
<i>Percent Change</i>		<i>2.2</i>	<i>2.5</i>	<i>2.5</i>		
Professional & Business Services	258.6	270.9	286.0	300.5	15.1	14.5
<i>Percent Change</i>		<i>4.8</i>	<i>5.6</i>	<i>5.1</i>		
Education & Health Services	163.3	172.6	183.8	195.1	11.2	11.3
<i>Percent Change</i>		<i>5.7</i>	<i>6.5</i>	<i>6.1</i>		
Leisure & Hospitality	156.0	160.6	165.9	172.0	5.3	6.0
<i>Percent Change</i>		<i>2.9</i>	<i>3.3</i>	<i>3.6</i>		
Other Services	62.5	64.2	66.0	67.6	1.8	1.6
<i>Percent Change</i>		<i>2.7</i>	<i>2.8</i>	<i>2.5</i>		
Government	216.5	220.9	227.2	232.8	6.3	5.6
<i>Percent Change</i>		<i>2.0</i>	<i>2.9</i>	<i>2.4</i>		

Note: 1) Totals may not add due to rounding

Table 3

Tucson Metropolitan Area Employment Forecast (In Thousands)						
	2003	2004	2005	2006	Change in Employment	
					2005	2006
Total Nonfarm Employment	348.2	359.2	373.5	385.7	14.3	12.2
<i>Percent Change</i>		<i>3.2</i>	<i>4.0</i>	<i>3.3</i>		
Manufacturing	28.7	28.4	28.5	28.7	0.1	0.2
<i>Percent Change</i>		<i>-1.0</i>	<i>0.4</i>	<i>0.8</i>		
Natural Resources & Mining	1.2	1.3	1.4	1.4	0.1	0.0
<i>Percent Change</i>		<i>8.3</i>	<i>7.0</i>	<i>2.0</i>		
Construction	22.9	24.0	25.2	26.2	1.2	0.9
<i>Percent Change</i>		<i>4.8</i>	<i>5.1</i>	<i>3.8</i>		
Trade, Transportation, & Utilities	55.1	58.0	61.0	63.1	3.0	2.1
<i>Percent Change</i>		<i>5.3</i>	<i>5.1</i>	<i>3.5</i>		
Information	7.6	7.5	7.6	7.6	0.1	0.1
<i>Percent Change</i>		<i>-1.3</i>	<i>0.7</i>	<i>0.8</i>		
Financial Activities	15.5	16.7	18.0	19.4	1.3	1.4
<i>Percent Change</i>		<i>7.7</i>	<i>8.0</i>	<i>7.5</i>		
Professional & Business Services	41.2	42.3	44.2	46.1	1.9	1.9
<i>Percent Change</i>		<i>2.7</i>	<i>4.5</i>	<i>4.4</i>		
Education & Health Services	45.7	47.8	50.3	52.7	2.5	2.4
<i>Percent Change</i>		<i>4.6</i>	<i>5.2</i>	<i>4.7</i>		
Leisure & Hospitality	37.2	38.8	40.9	42.4	2.1	1.5
<i>Percent Change</i>		<i>4.3</i>	<i>5.5</i>	<i>3.7</i>		
Other Services	14.6	14.8	15.2	15.5	0.4	0.3
<i>Percent Change</i>		<i>1.4</i>	<i>2.5</i>	<i>2.0</i>		
Government	78.7	79.6	81.2	82.5	1.6	1.4
<i>Percent Change</i>		<i>1.1</i>	<i>2.0</i>	<i>1.7</i>		

Note: 1) Totals may not add due to rounding

Table 4

Balance of State Employment Forecast						
(In Thousands)						
	2003	2004	2005	2006	Change in Employment	
					2005	2006
Total Nonfarm Employment	328.4	339.5	356.4	370.4	16.9	14.0
<i>Percent Change</i>		<i>3.4</i>	<i>5.0</i>	<i>3.9</i>		
Manufacturing	15.8	16.8	17.2	17.8	0.4	0.6
<i>Percent Change</i>		<i>6.3</i>	<i>2.3</i>	<i>3.6</i>		
Natural Resources & Mining	4.8	5.0	5.2	5.3	0.2	0.1
<i>Percent Change</i>		<i>4.2</i>	<i>4.1</i>	<i>2.4</i>		
Construction	24.0	26.0	27.0	27.7	1.0	0.7
<i>Percent Change</i>		<i>8.3</i>	<i>3.9</i>	<i>2.5</i>		
Trade, Transportation, Warehousing, & Utilities	62.2	64.0	68.2	70.9	4.2	2.7
<i>Percent Change</i>		<i>3.0</i>	<i>6.5</i>	<i>4.0</i>		
Information	4.6	4.6	4.9	5.2	0.3	0.3
<i>Percent Change</i>		<i>0.0</i>	<i>7.2</i>	<i>5.5</i>		
Financial Activities	10.0	9.6	9.7	9.7	0.1	0.1
<i>Percent Change</i>		<i>-4.0</i>	<i>0.6</i>	<i>0.8</i>		
Professional & Business Services	20.6	21.3	23.4	25.6	2.1	2.1
<i>Percent Change</i>		<i>3.4</i>	<i>10.0</i>	<i>9.1</i>		
Education & Health Services	37.8	39.4	41.9	44.3	2.5	2.3
<i>Percent Change</i>		<i>4.2</i>	<i>6.4</i>	<i>5.6</i>		
Leisure & Hospitality	40.0	42.0	44.5	45.4	2.5	0.9
<i>Percent Change</i>		<i>5.0</i>	<i>5.9</i>	<i>2.1</i>		
Other Services	10.1	10.4	10.7	11.1	0.3	0.3
<i>Percent Change</i>		<i>3.0</i>	<i>3.2</i>	<i>3.2</i>		
Government	98.3	100.3	103.6	107.4	3.3	3.8
<i>Percent Change</i>		<i>2.0</i>	<i>3.3</i>	<i>3.6</i>		

Note: Totals may not add due to rounding

Chart 1

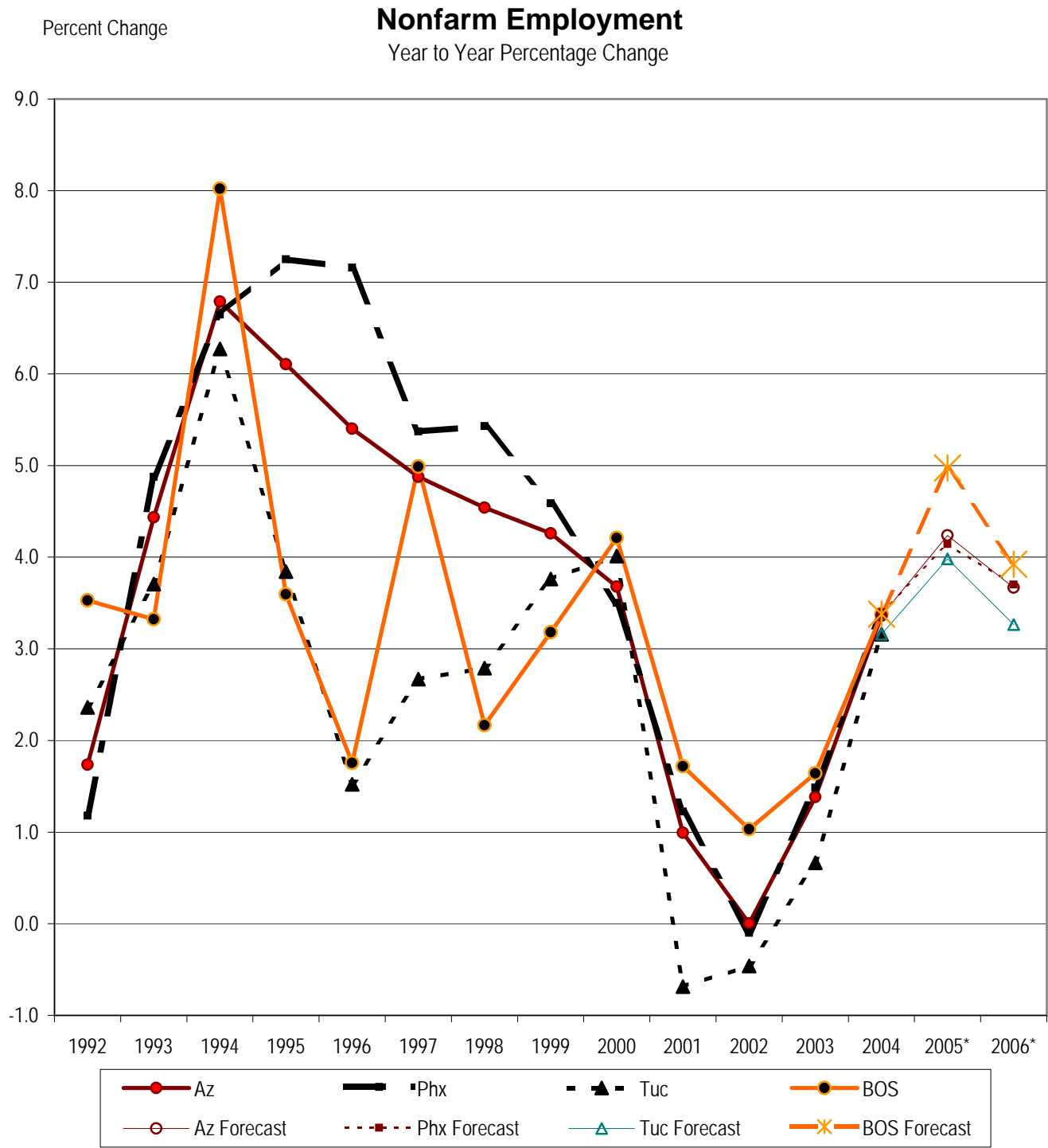


Chart 2

Arizona Nonfarm Employment

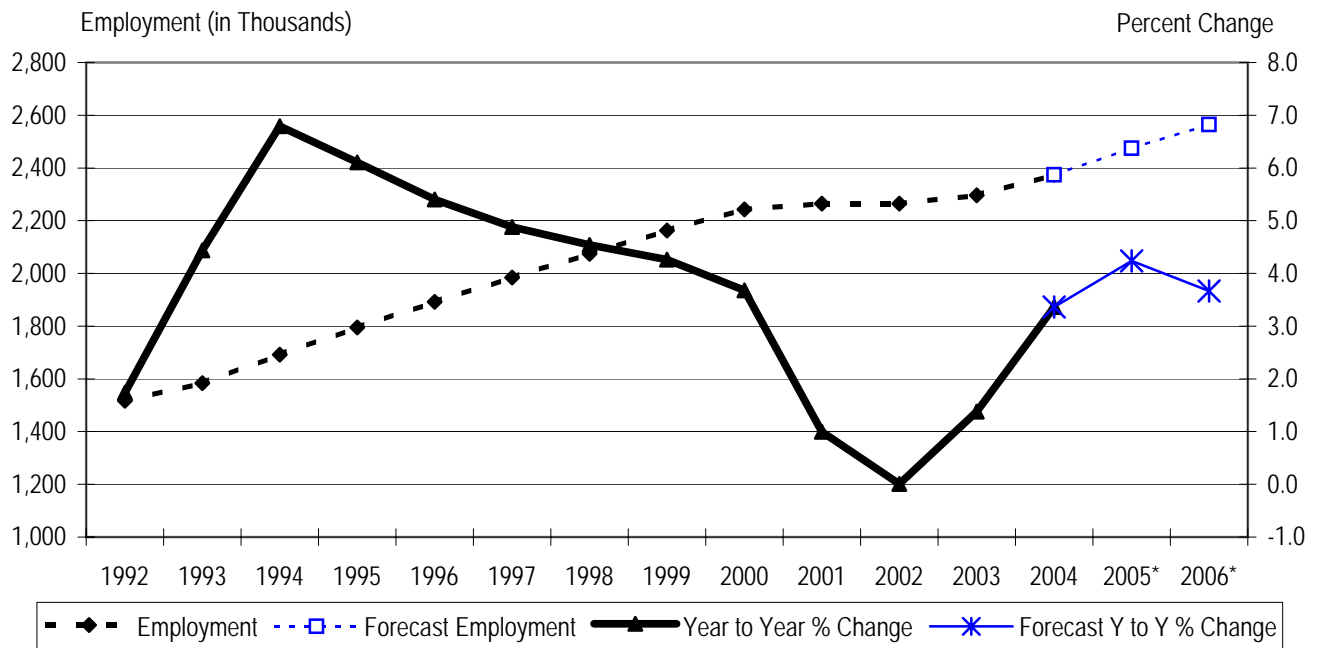


Chart 3

Phoenix-Mesa MA Nonfarm Employment

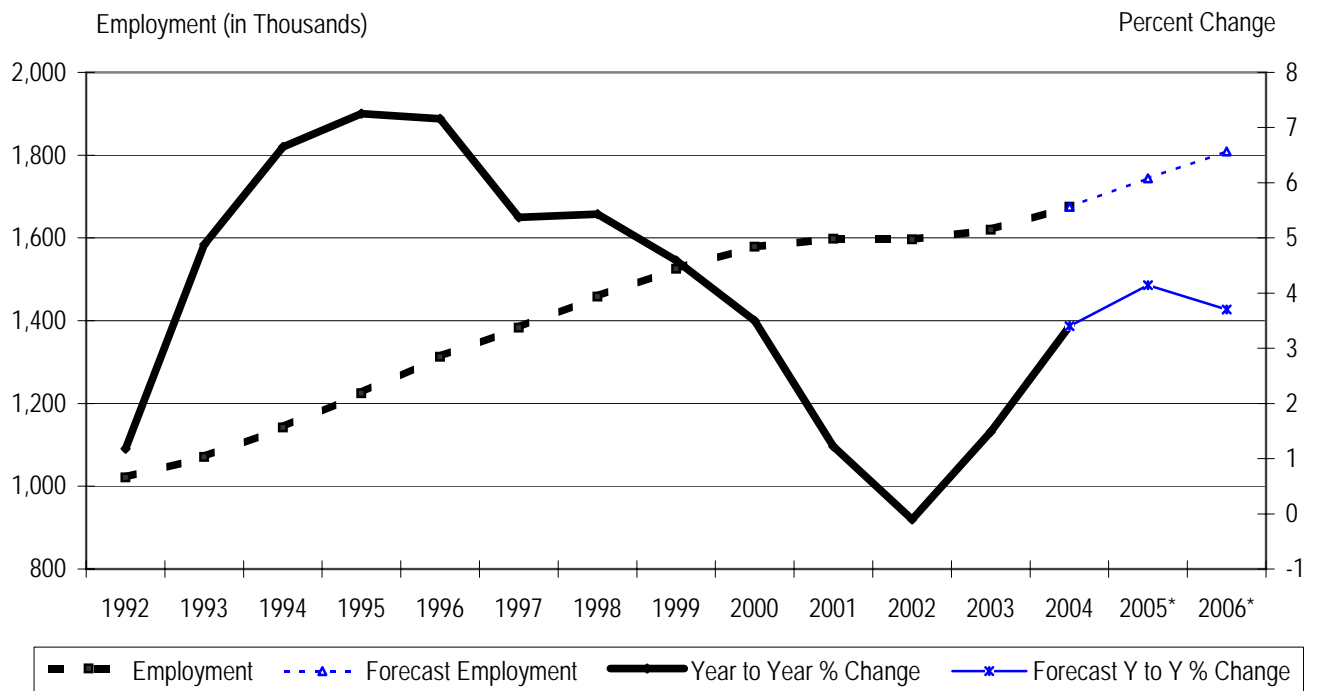


Chart 4

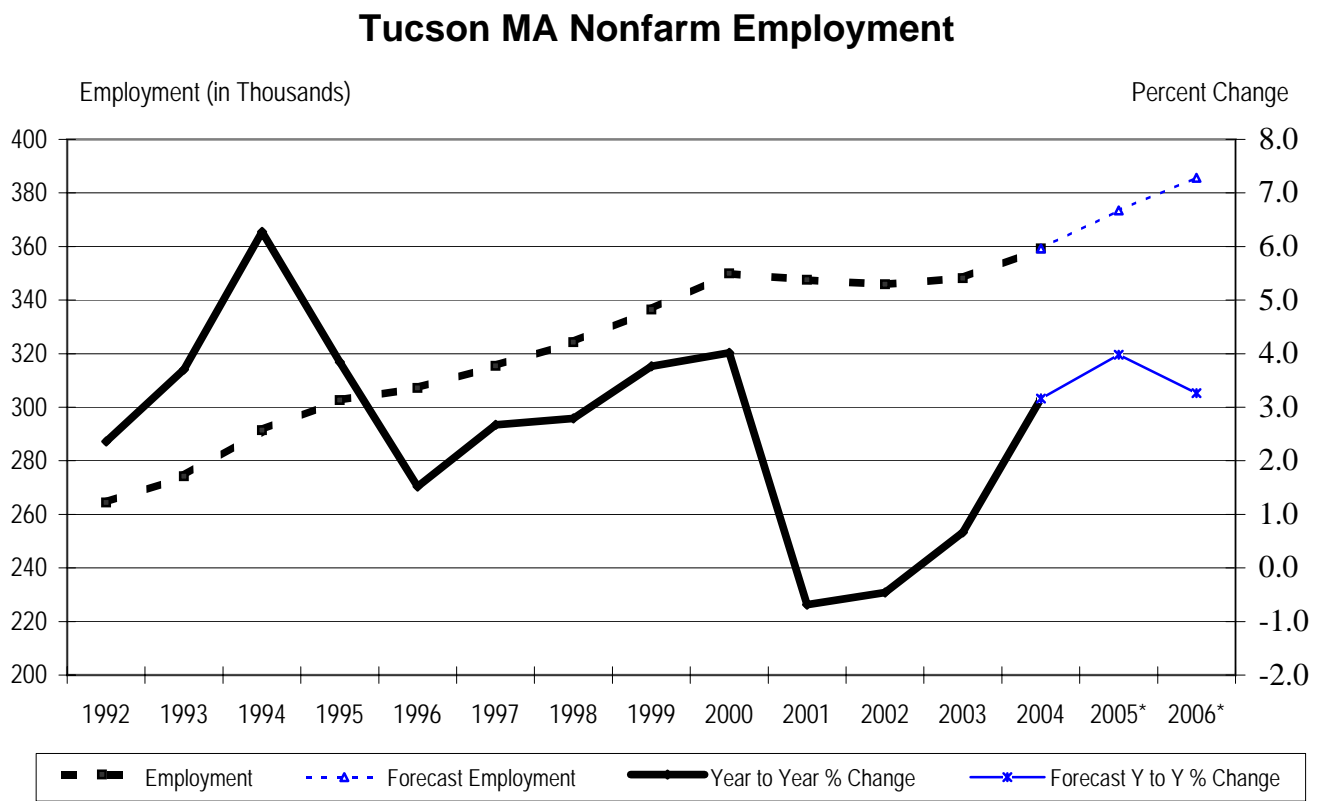


Chart 5

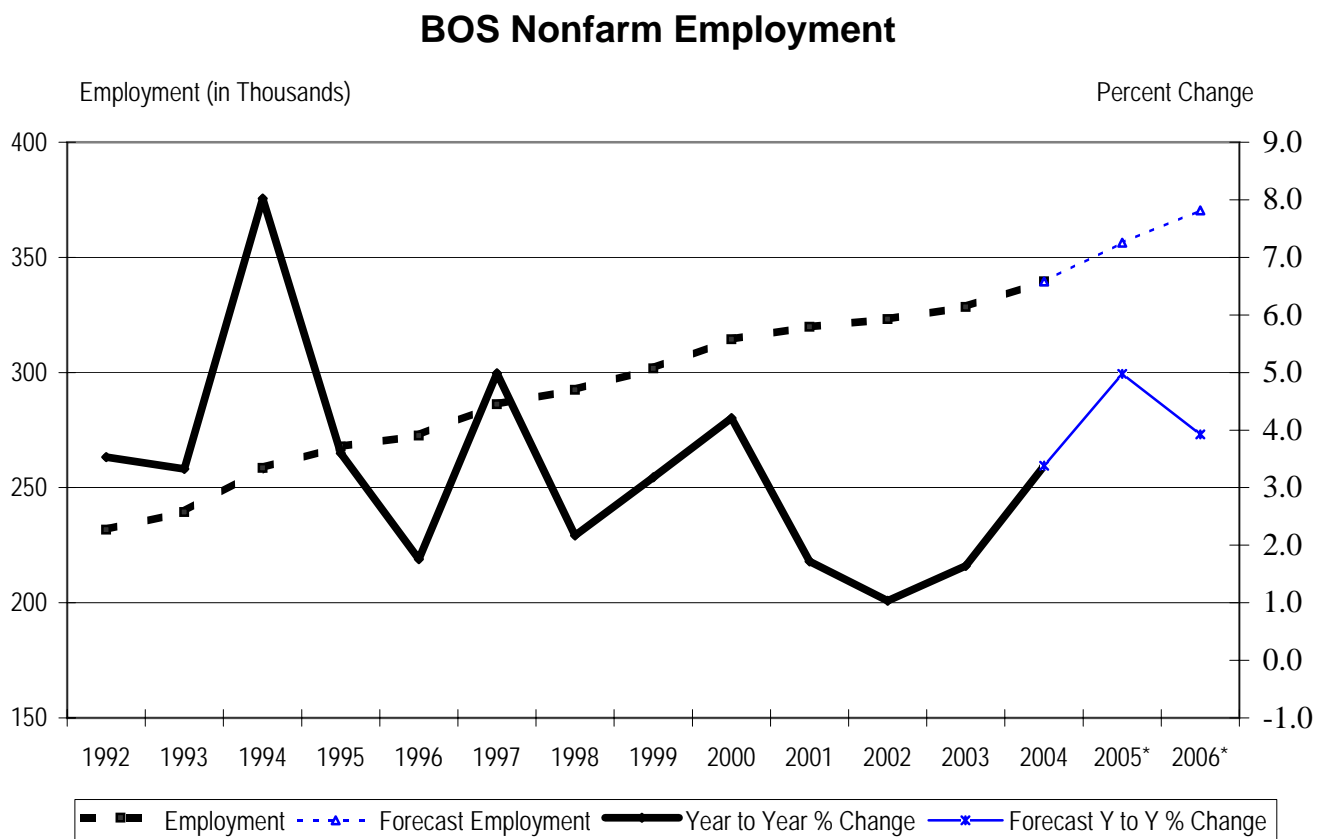


Chart 6

Arizona Manufacturing Employment

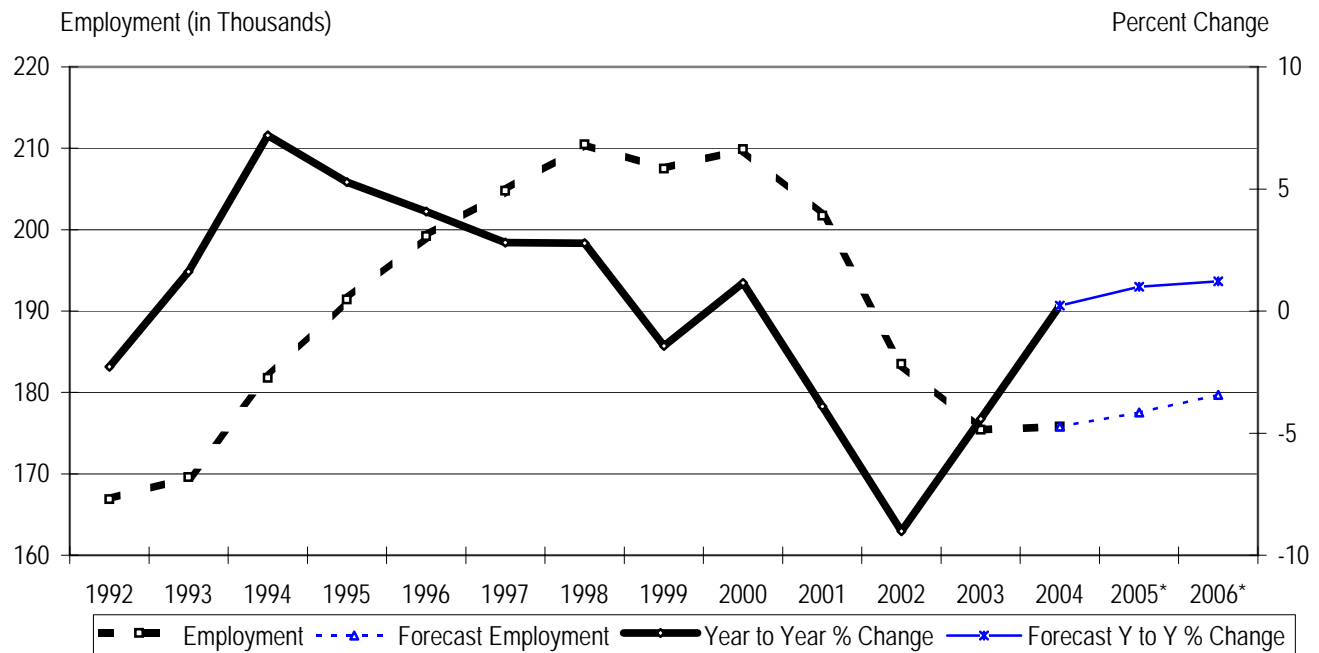


Chart 7

Arizona Natural Resources & Mining Employment

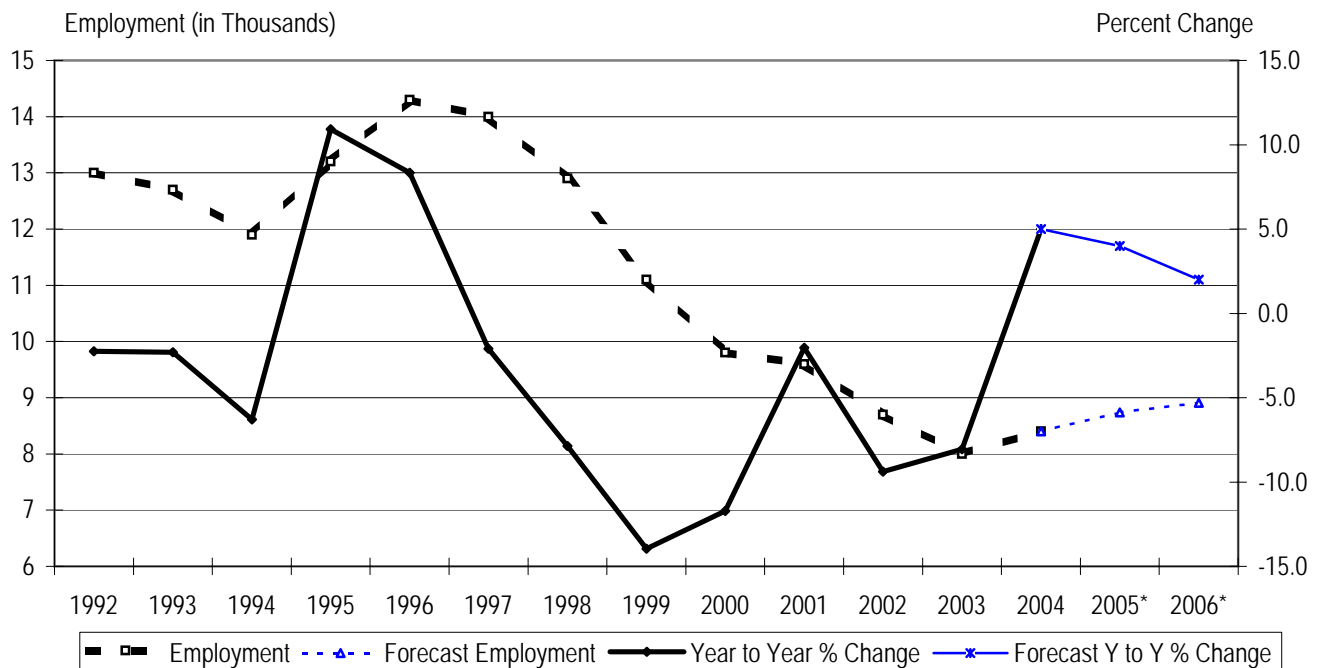


Chart 8

Arizona Construction Employment

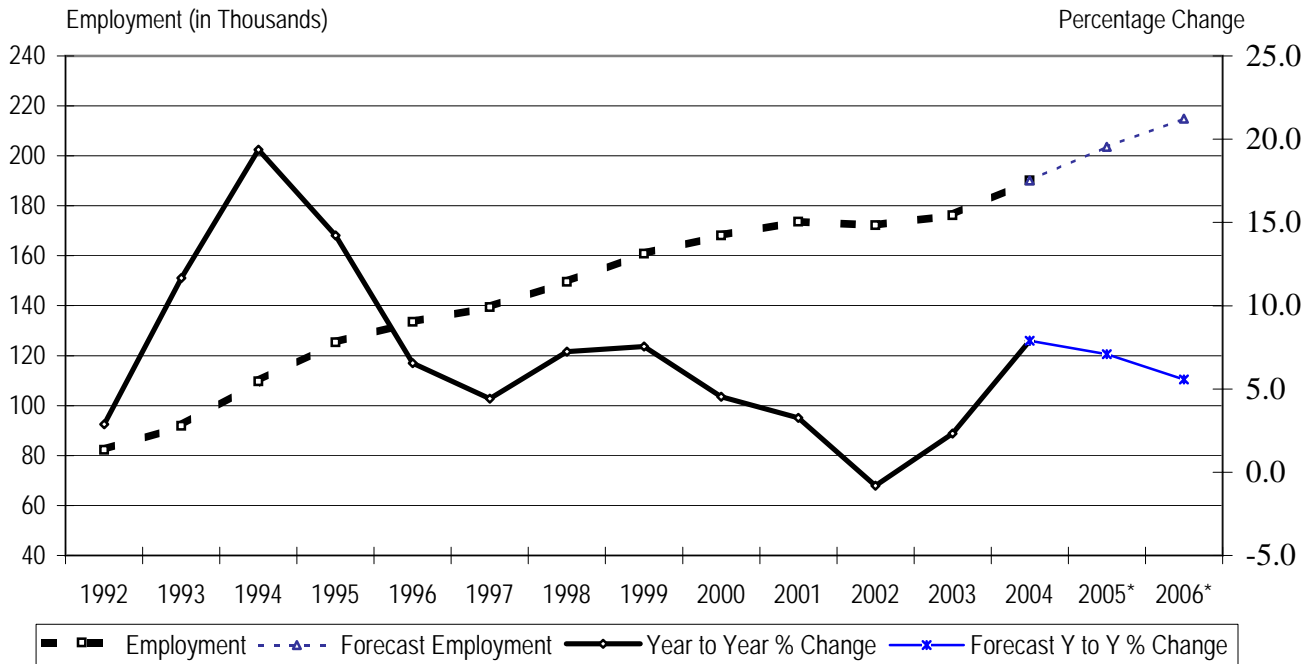


Chart 9

Arizona Trade Employment

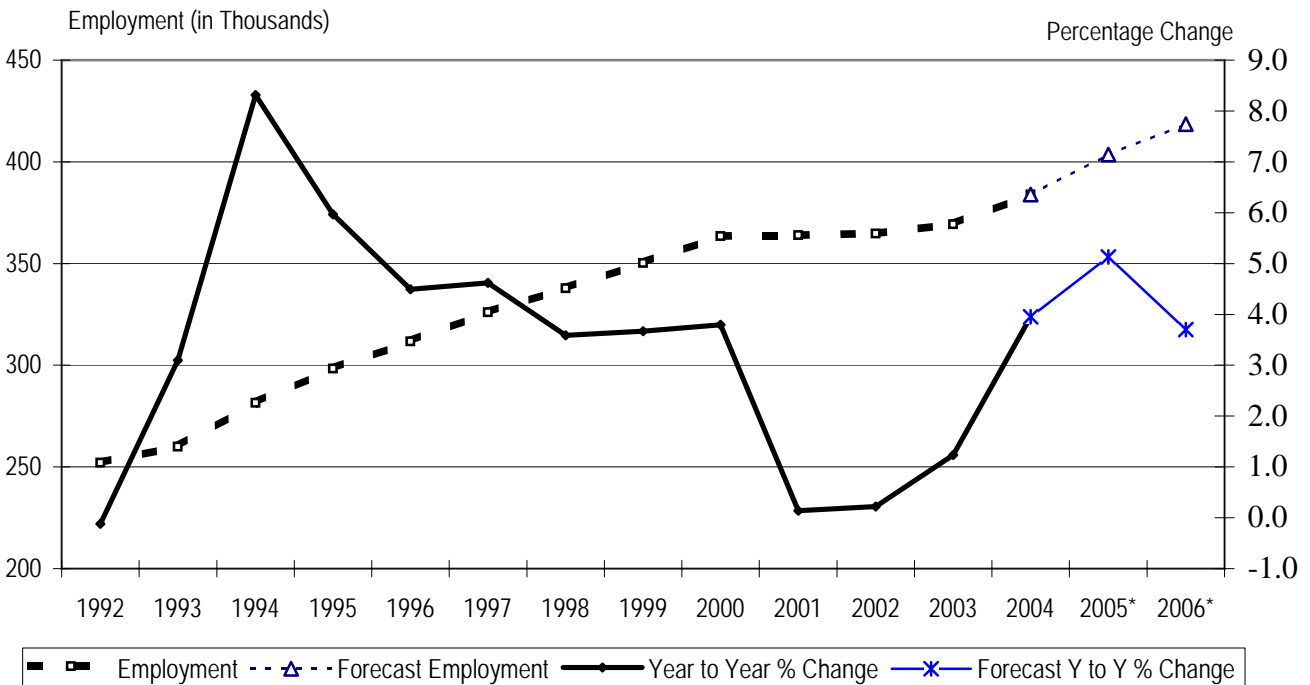


Chart 10

Arizona Transportation, Warehousing, & Utilities Employment

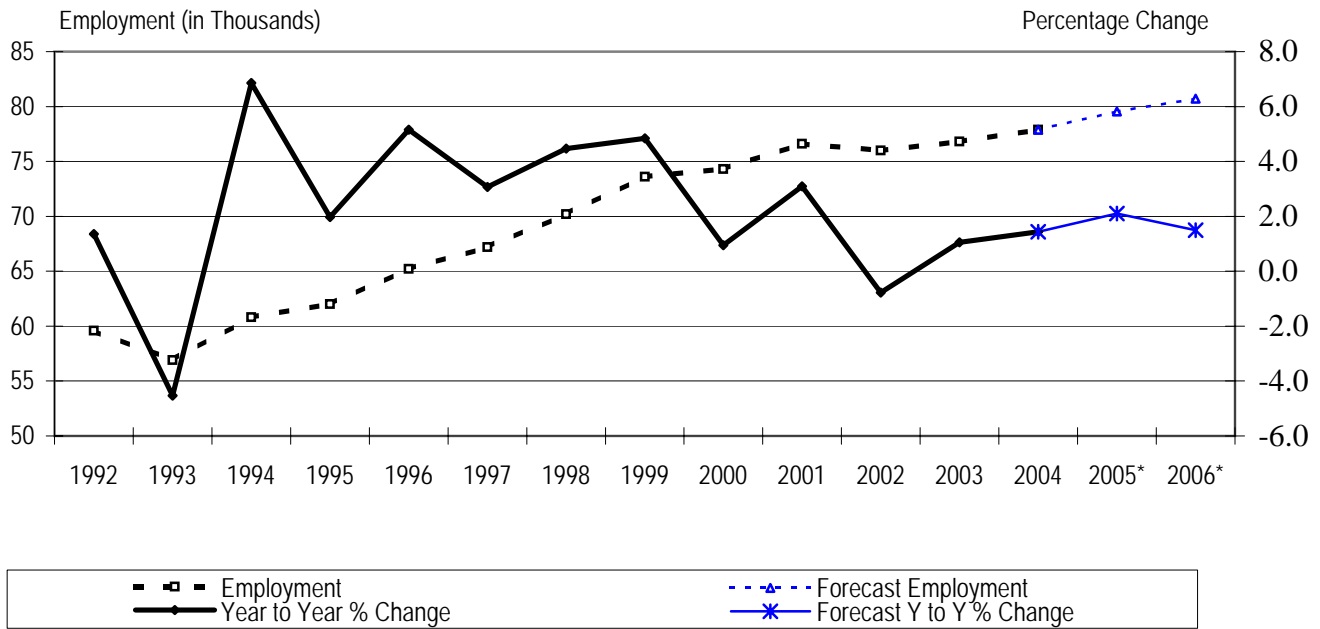


Chart 11

Arizona Information Employment

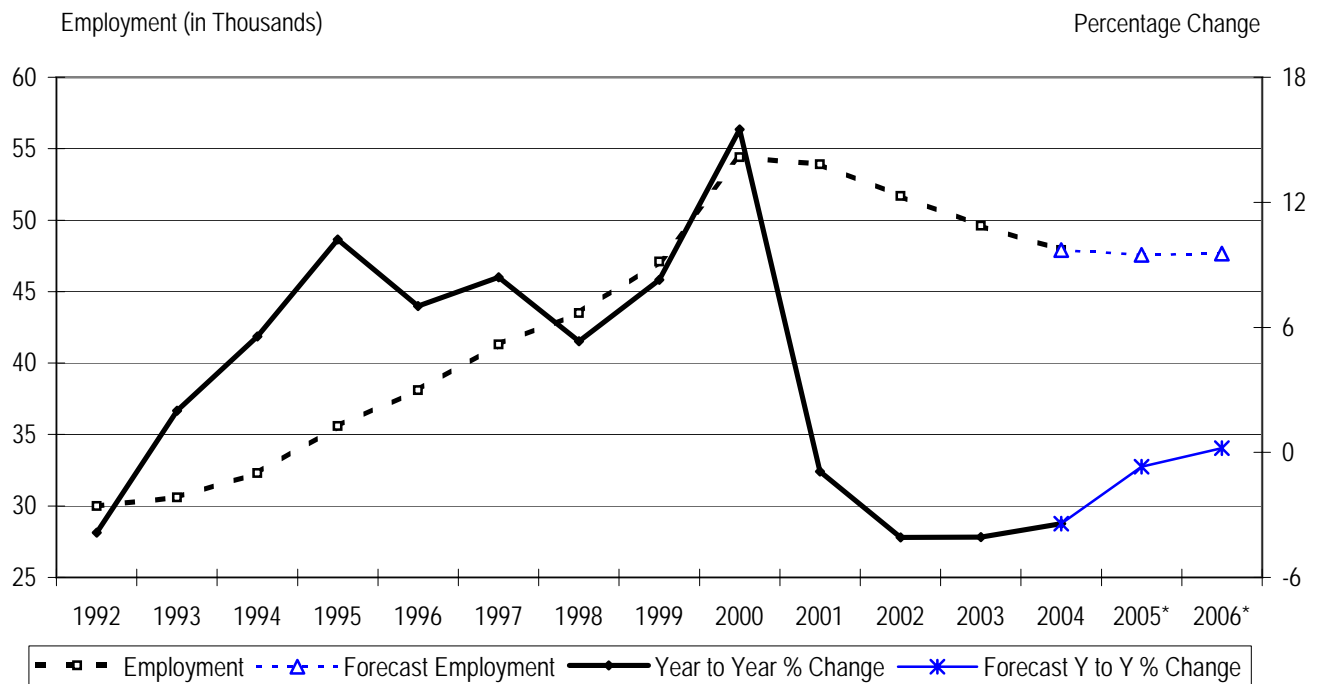


Chart 12

Arizona Financial Activities Employment

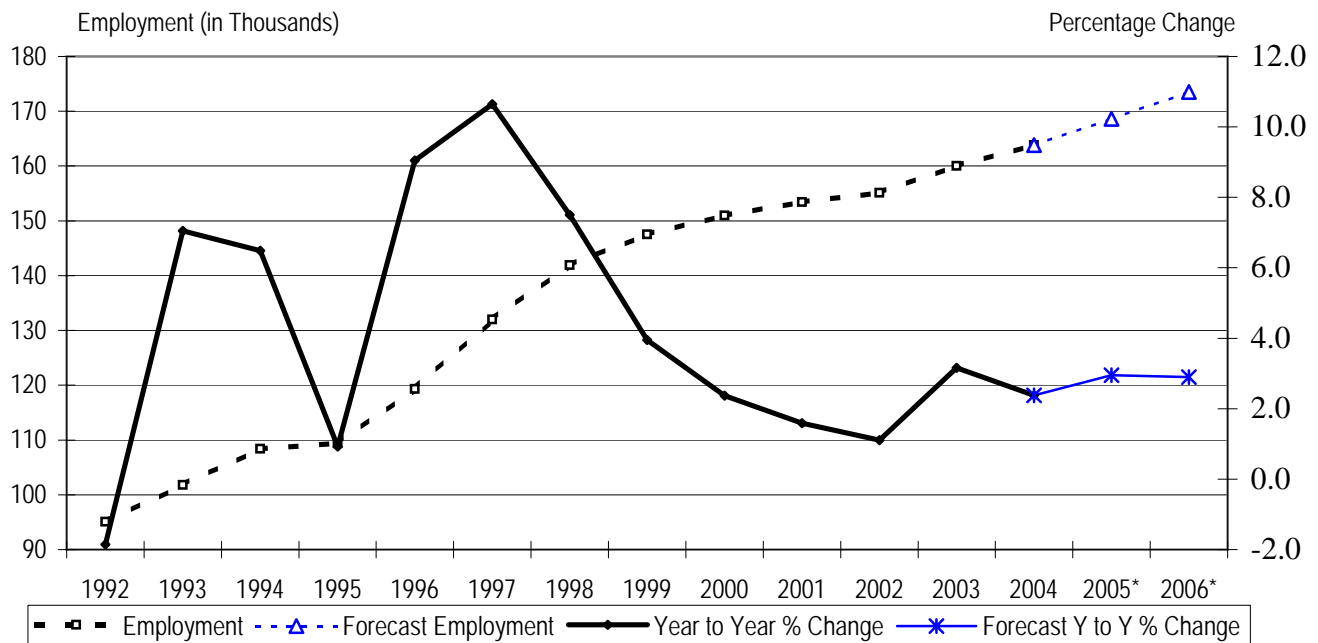


Chart 13

Arizona Professional & Business Services Employment

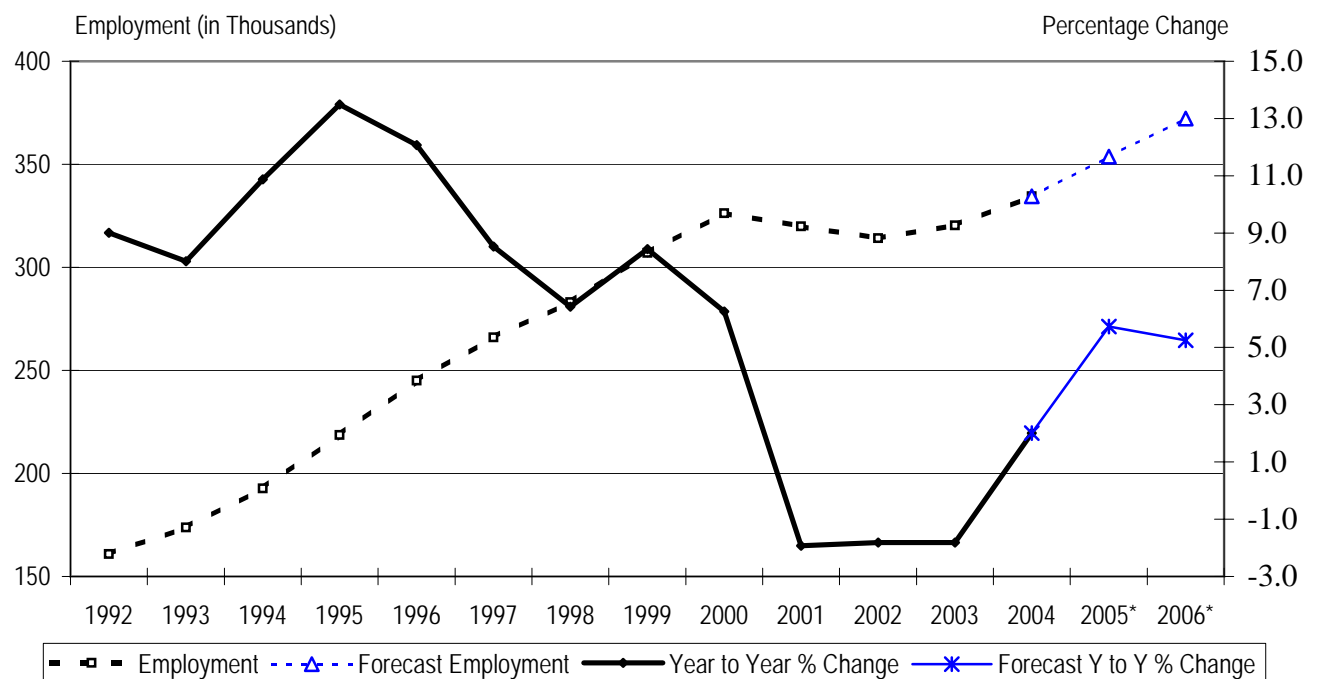


Chart 14

Arizona Education & Health Services Employment

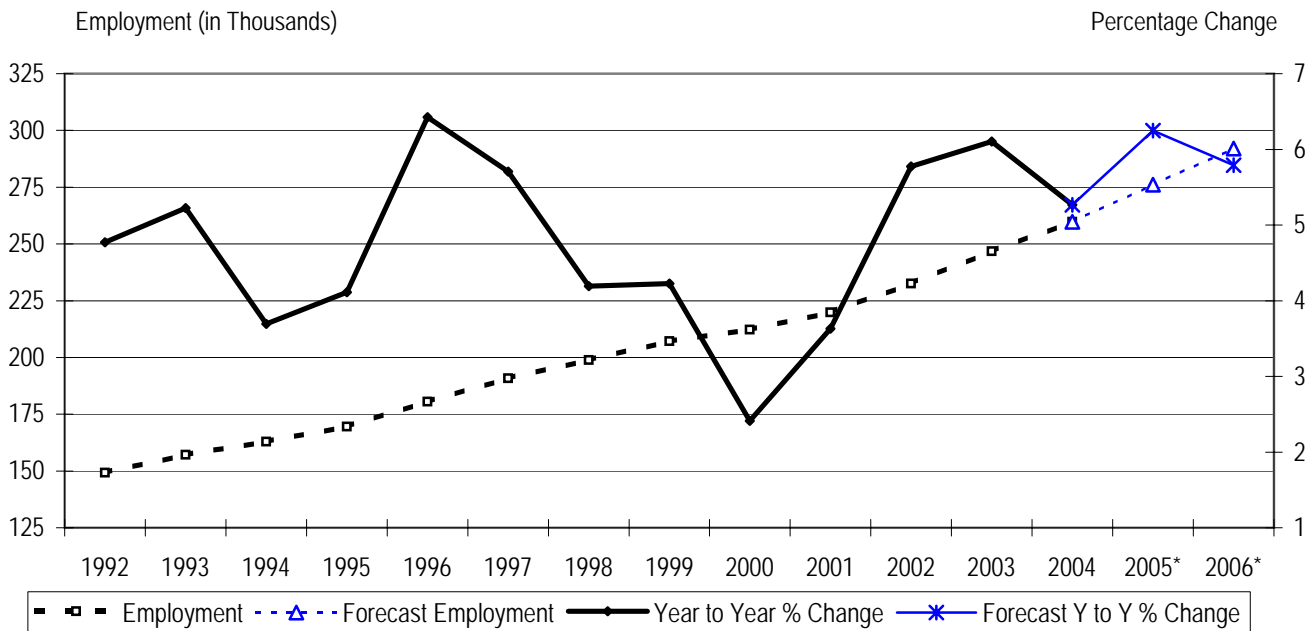


Chart 15

Arizona Leisure & Hospitality Employment

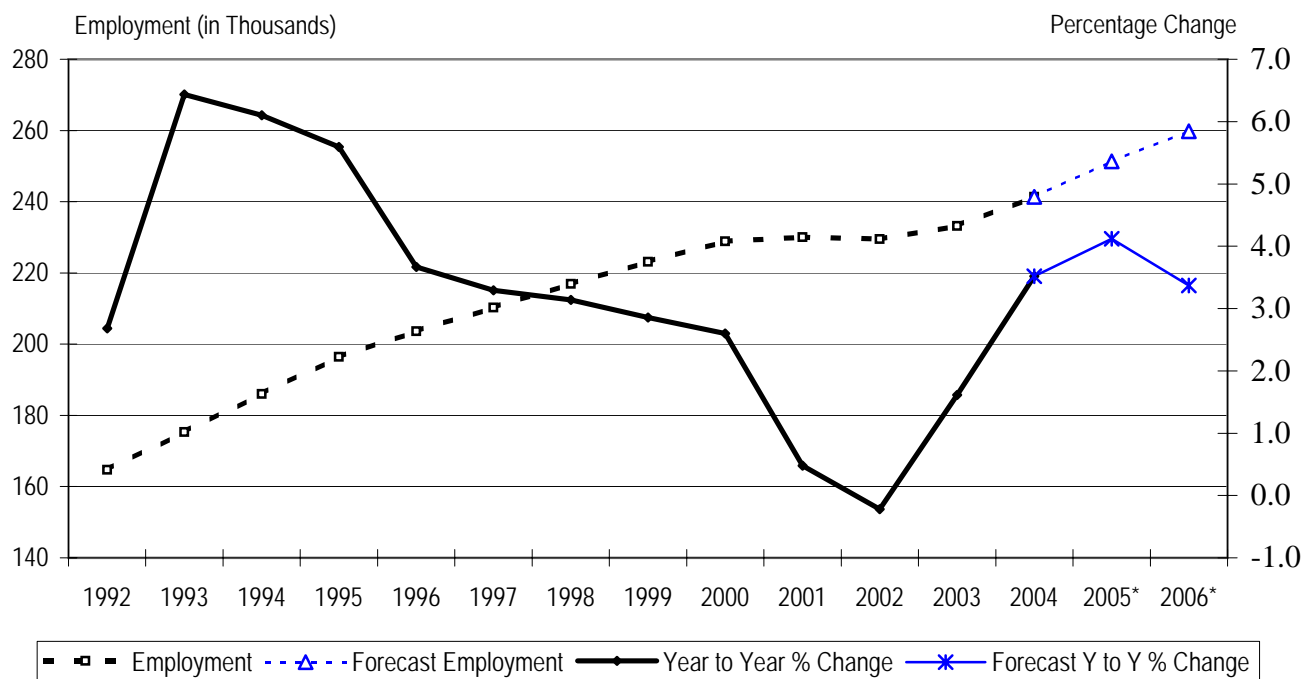


Chart 16

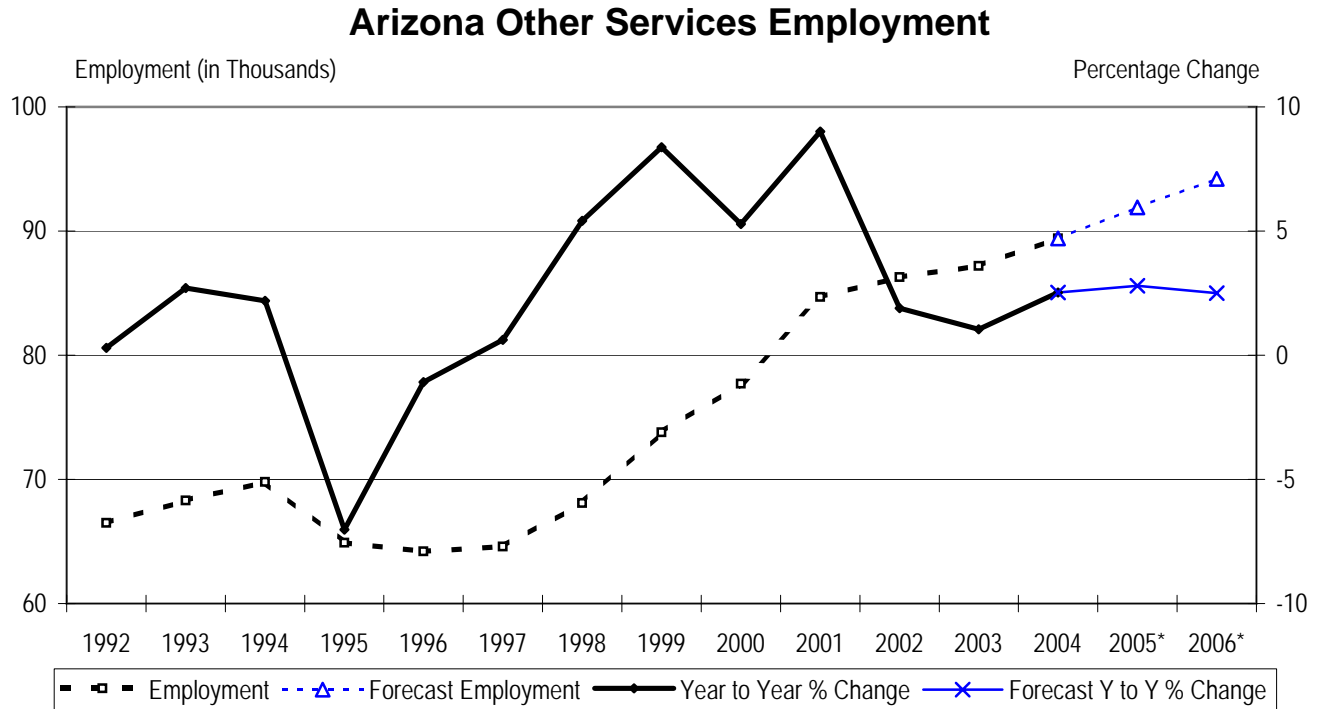


Chart 17

